GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1809
ANSWERED ON:26.07.2002
AUDIT OF COMPANIES
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

to the reply given to Unstarred Question No. 5688 dated May 2, 2002 and state :

(a) whether the Government have noticed the accounting fraud in the US;

(b) if so, the details thereof;

(c) whether similar frauds and irregularities are taking place in the corporates;

(d) if so, whether the Government propose to take to review the audit norms; and

(e) the reasons for not enforcing the CAG audit into the Kendriya Bhandar and NCCF and Super Bazar as far as it pertains to the purchase and sales of stationery stores, computers, furniture etc. to the Government offices paid for out of the public funds?

Answer

MINISTER OF FINANCE & COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a) & (b) Various newspapers have reported accounting malpractices in some US companies such as Enron, World.com, Xerox, etc.

(c) & (d) If accounts do not present a true and fair view of the affairs of an Indian company, it can be prosecuted under Section 211 and/or Section 628 of the Companies Act. The concerned auditing firm can be prosecuted under Section 233 of the Companies Act or proceeded against, for professional misconduct, under Section 21 of the Chartered Accountants Act.

(e) C&AG had been entrusted with the super imposed audit of the accounts of NCCF for the five year periods, 1987-88 to 1991-92, and for 1995-96 to 1999-2000. Super imposed audit of the accounts of Super Bazar was conducted by the C&AG for the period 1981-82 to 1985-86. There is no proposal to have Kendriya Bhandar audited by C&AG, as the present system of having the accounts audited by a firm of Chartered Accountants is considered adequate.